

Introduction of Childcare Vouchers

Report of the Chief Fire Officer

For further information about this report please contact Alan Taylor, Chief Fire Officer, on 01743 260201 or Natalie Hill, Equality and Diversity Officer, on 01743 260236.

1 Purpose of Report

To inform the Human Resources Committee of the decision by Policy Group to introduce Childcare Vouchers for Shropshire Fire and Rescue Service employees.

2 Recommendations

That the Committee notes the content of the report.

3 Background

We do not currently provide our employees with any childcare vouchers or any other type of childcare benefit. We have however been approached both by staff and representative bodies about introducing the vouchers and therefore have agreed to do so.

4 Introduction of Childcare Vouchers

The introduction of childcare vouchers could benefit any employee providing that they satisfy the appropriate criteria. Childcare Vouchers can help pay for childcare of children up to the age of 16 (up to the 1st September following the child's 15th Birthday) and for the care of children with special needs up to the age of 16 (up to the 1st September following the child's 16th Birthday) They can also be used for paying childminders, nurseries, play schemes, out of hours/holiday clubs, provided that these have been registered or approved.

Marketing of the scheme will be done by the provider through various methods such as posters, flyers, email and roadshows. They administer the scheme and provide a helpline which potential users can call to ensure that they meet the criteria, that they will benefit financially from using childcare



vouchers, and that they do not fall below the national minimum wage or lower earning level for national insurance contributions.

It is important to note that in some cases it is not always beneficial to take up childcare vouchers for example if an employee's earnings are low, if they receive a lot of childcare tax credits, or they may need to come out of the scheme before going on maternity. The provider or HM Revenue and Customs will be able to provide advice on this.

Potential Benefits – see Appendix

Employee

- There is a cost saving to the employee (both parents are entitled to this even if they work at the same workplace);
- Lower tax bracket – minimum saving £198 and a maximum of £962 per annum
- Higher tax bracket – minimum saving £246 and a maximum of £1196 per annum

Employer

- It is a benefit to the employee and can be used a recruitment and retention tool
- It is expected to have a positive effect on productivity and absenteeism.
- There is a cost saving to the organisation through National Insurance Contributions, this is up to £370 per year per employee.

Pensions

Childcare vouchers will not have any effect on the Local Government Pension Scheme or the Firefighters Pension Scheme.

Choosing a Scheme Provider

We have seen 3 organisations: Busy Bees, Leapfrog and Fideliti.

A detailed process has been undertaken to identify which of these will be the most suitable to provide the Scheme for Shropshire Fire and Rescue Service (SFRS) and Busy Bees has been selected.

5 Financial Implications

There is an administrative fee charged to us of between 5 – 7.5% plus VAT payable, however this will be deducted from the 9.3% saving of NI contributions. It will not cost SFRS anything to implement this Scheme.

Having taken advice, we were not required to put this Scheme out to tender as the amount of money we have estimated will be paid to the provider falls below this limit.

The organisation expects to make efficiency savings however the amount of these will depend on how many employees join the Scheme, but may range from approximately £1,000 (5 employees) to £5,500 (25 employees).



6 Equality Impact Assessment

An Initial Equality Impact Assessment has been completed and is attached to this report.

7 Legal Comment

A Salary Sacrifice scheme does change the employee's terms and conditions of employment by effectively reducing his or her salary by the value of the 'sacrifice' for as long as they are in the scheme. There are no other changes to an employee's terms and conditions of employment. The Local Government Pension Scheme considers that it is the level of gross salary that is pensionable therefore pension contributions will continue to be made based on gross salary before the sacrifice is taken into account and the level of pensionable salary remains unchanged. The Scheme provider will ensure that the form that our employees have to complete to deduct their salary covers all of the legalities and is reviewed on a regular basis.

The childcare vouchers must be only be used to purchase childcare from a childminder, nursery or play scheme that is registered and approved by Ofsted. The Scheme provider will ensure that they are one of these approved carers.

8 Appendix

Benefits of Childcare Voucher Scheme

9 Background Papers

There are no background papers associated with this report.



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balance Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings	*	Retained	*
Environmental		Risk and Insurance	
Financial	*	Staff	*
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*





Shropshire Fire & Rescue Service EQIA number
Initial Equality Impact Assessment Form

Directorate	HR, Training & Dev	Department/ Section	HR
Name of officer	Natalie Hill	Job title	Equality & Diversity Officer
Name of Policy/Service to be assessed	Childcare Vouchers	Date of assessment	1 June 2007
New or existing policy	N		

1. Briefly describe the aims, objectives and purpose of the policy/service	The introduction of Childcare vouchers as a benefit to our employees, so that they can make financial savings on their childcare. The SFRS will be seen as a family friendly organisation.		
2. Are there any associated objectives of the policy/service?	Strategic aim 5, objs 16 and 17. It may help to encourage more people to work in the RDS.		
3. Who is intended to benefit from the policy/service and in what way?	Employees with children will benefit financially from the introduction of this scheme, as it will allow them to make savings on the amount of money they pay for childcare. The Service will benefit through efficiency savings and also potential improvements in staff morale and reduction in sickness absence.		
4. What outcomes are wanted from this policy/service?	Employees will be able to benefit from using these vouchers and that the Service is able to offer a benefit to their employees and to be seen as a family friendly organisation.		
5. Who are the main stakeholders in relation to the policy/service?	The organisation has to ensure that this scheme is running correctly and the employ has to sacrifice part of their salary to pay for these vouchers.		
6. Who implements the policy/service and who is responsible for this?	The Service is responsible for the implementation of the Scheme with assistance from the scheme provider.		
7. Are there any concerns that this policy/service could have a differential impact on the following groups and what existing evidence do you have for this? Yes or No, please detail in boxes below.			
8. Age		N	This scheme is open to all staff providing they meet the relevant criteria which are based on the children's age, not the employees.
9. Disability		N	No impact
10. Gender		N	Could be viewed as a positive impact on gender as this will allow more people to come to work as childcare costs are reduced. May have a positive



			impact, as females are largely the main carer.
11. Race		N	No impact
12. Religion or belief		N	No impact
13. Sexual orientation		N	No impact
14. Dependant/caring responsibilities		N	Positive impact, as this will help people with their childcare, it may help people to return to work or encourage people to join the service.
15. Could the differential impact identified in 7-14 amount to there being the potential for adverse impact in this policy/service?		N	Please detail
16. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or another reason?		N	Please explain for each equality heading on a separate piece of paper.
17. Have you consulted those who are likely to be affected by the policy/service?	Y		Discussions have taken place with the representative bodies, and some employees have expressed an interest in having childcare vouchers.
18. Should the policy proceed to a full impact assessment?		N	Not required as there is no adverse effect.
19. Date by which full impact assessment to be completed	n/a		
20. Reason for non completion	n/a		

I am satisfied that this policy has been successfully impact assessed.

I understand the Impact Assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.

Assessing person	Natalie Hill	Date:	01/06/07
Line Manager	Lisa Vickers	Date:	13/06/07
Please note that this impact assessment will be scrutinised by the E&D Officer 01/06/07			



Benefits of Childcare Voucher Scheme

- The scheme is available to all employees with children (including those they have responsibility for) until their 15th birthday or, for a disabled child, until their 16th birthday.
- The childcare provider must be a registered organisation.
- Employee's earnings must not go below the National Insurance earnings threshold.
- Employees can request up to £55 per week or £243 per month in childcare vouchers (£2,916 per annum). This amount is National Insurance and Tax exempt.

Employees' earnings after the salary sacrifice must not fall below the National Insurance earnings threshold (currently £4,368 per annum). Should this happen the employees' rights to state benefits would be affected and their earnings would fall below the minimum wage.

Employee 1

Gross monthly income £1,500

Monthly childcare costs	£243.00	Monthly childcare costs	£150.00
NI Saving	£ 26.73	NI Saving	£ 16.50
	£ 53.46	Tax Saving	£ 33.00
Total Saving	£ 80.19	Total Saving	£ 49.50
Yearly saving	£962.00	Yearly saving	£594.00

Employee 2

Gross monthly income £3,400

Monthly childcare costs	£243.00	Monthly childcare costs	£150.00
NI Saving	£ 2.43	NI Saving	£ 1.50
	£ 97.20	Tax Saving	£ 60.00
Total Saving	£ 99.63	Total Saving	£ 61.50
Yearly saving	£1196.00	Yearly saving	£738.00

